

COMINS TOWNSHIP
COUNTY OF OSCODA, MICHIGAN
FINANCIAL STATEMENTS
MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Comins Township	County Oscoda
Audit Date 3/31/04	Opinion Date 6/2/04	Date Accountant Report Submitted to State: 7/16/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

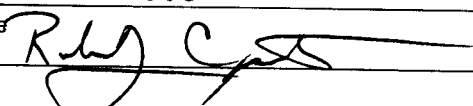
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

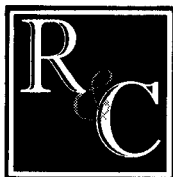
	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Robertson & Carpenter CPAs, LLP			
Street Address P.O. Box 308		City Mio	State MI
Accountant Signature 		ZIP 48647-0308	

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Township Board
Township of Comins
Fairview, MI 48621

We have audited the accompanying general purpose financial statements of the Township of Comins, Oscoda County, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Comins Township as of March 31, 2004 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2004, on our consideration of Comins Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

Robertson & Carpenter, LLP

Robertson & Carpenter, LLP
Certified Public Accountants

June 2, 2004

COMINS TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>GOVERNMENT FUND TYPES</u>		<u>FIDUCIARY FUND TYPE</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CURRENT TAX</u>
ASSETS			
Cash - checking	\$ 1,067	\$ -	\$ -
Cash - savings	342,951	102,213	67,560
Receivables - taxes	1,312	1,265	-
Due from other funds	7,834	2,327	-
Due from county	6,734	5,434	-
Due from State of Michigan	18,723	-	-
Deposit	-	-	-
Land and buildings	-	-	-
Machinery and equipment	-	-	-
Amount to be provided for retirement of long term debt	-	-	-
Total assets	\$ <u>378,621</u>	\$ <u>111,239</u>	\$ <u>67,560</u>
LIABILITIES, RESERVES AND FUND BALANCE			
CURRENT LIABILITIES			
Due to other funds	\$ -	\$ 1,849	\$ 8,312
Due to other governmental units	-	-	59,248
Deferred revenue	1,111	1,194	-
Installment note payable	-	-	-
Total liabilities	<u>1,111</u>	<u>3,043</u>	<u>67,560</u>
FUND EQUITY			
Investment in general fixed assets	-	-	-
Fund balances - unreserved	<u>377,510</u>	<u>108,196</u>	-
Total fund equity	<u>377,510</u>	<u>108,196</u>	-
Total liabilities, reserves and fund balance	\$ <u>378,621</u>	\$ <u>111,239</u>	\$ <u>67,560</u>

See accompanying notes

ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	3/31/04	3/31/03
\$ -	\$ -	\$ 1,067	\$ 878
-	-	512,724	479,271
-	-	2,577	2,424
-	-	10,161	2,763
-	-	12,168	13,141
-	-	18,723	20,501
-	-	-	-
283,605	-	283,605	273,332
624,965	-	624,965	546,917
-	99,614	99,614	72,000
\$ <u>908,570</u>	\$ <u>99,614</u>	\$ <u>1,565,604</u>	\$ <u>1,411,227</u>
\$ -	\$ -	\$ 10,161	\$ 2,763
-	-	59,248	-
-	-	2,305	2,424
-	99,614	99,614	72,000
-	99,614	171,328	77,187
908,570	-	908,570	820,249
-	-	485,706	513,791
<u>908,570</u>	<u>-</u>	<u>1,394,276</u>	<u>1,334,040</u>
\$ <u>908,570</u>	\$ <u>99,614</u>	\$ <u>1,565,604</u>	\$ <u>1,411,227</u>

COMINS TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	GENERAL FUND	SPECIAL REVENUE	3/31/04	3/31/03
REVENUES				
Taxes	\$ 58,418	\$ 46,663	\$ 105,081	\$ 103,059
Licenses & permits	3,207	-	3,207	2,000
Federal grants	-	2,070	2,070	2,199
State grants	144,411	-	144,411	154,062
Intergovernmental	17,152	-	17,152	10,707
Charges for services	30,659	-	30,659	27,970
Interest & rentals	4,557	1,115	5,672	8,846
Other revenue	21,955	-	21,955	3,653
Total revenues	<u>280,359</u>	<u>49,848</u>	<u>330,207</u>	<u>312,496</u>
EXPENDITURES				
Current				
Legislative	17,274	-	17,274	19,340
General government	98,480	-	98,480	94,979
Public safety	33,801	-	33,801	26,823
Public works	35,645	62,953	98,598	69,454
Culture and recreation	21,620	-	21,620	12,890
Other	23,256	-	23,256	13,904
Capital outlay	88,321	-	88,321	23,293
Debt service				
Principal	12,885	-	12,885	16,000
Interest	4,557	-	4,557	3,779
Total expenditures	<u>335,839</u>	<u>62,953</u>	<u>398,792</u>	<u>280,462</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(55,480)	(13,105)	(68,585)	32,034
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	13,000	33,000	5,000
Transfers (out)	(13,000)	(20,000)	(33,000)	(5,000)
Installment loan proceeds	<u>40,500</u>		<u>40,500</u>	-
EXCESS OF REVENUES AND OTHER SOURCES OVER/ (UNDER) EXPENDITURES AND OTHER USES	(7,980)	(20,105)	(28,085)	32,034
FUND BALANCE - APRIL 1	385,490	128,301	513,791	481,757
FUND BALANCE - MARCH 31	<u>\$ 377,510</u>	<u>\$ 108,196</u>	<u>\$ 485,706</u>	<u>\$ 513,791</u>

See accompanying notes

COMINS TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 55,849	\$ 58,418	\$ 2,569
Licenses and permits	2,450	3,207	757
Federal grants	-	-	-
State grants	140,000	144,411	4,411
Intergovernmental	12,000	17,152	5,152
Charges for services	24,631	30,659	6,028
Interest and rentals	15,500	4,557	(10,943)
Other revenue	9,000	21,955	12,955
Total revenues	<u>259,430</u>	<u>280,359</u>	<u>20,929</u>
EXPENDITURES			
Current			
Legislative	31,291	17,274	14,017
General government	107,962	98,480	9,482
Public safety	34,852	33,801	1,051
Public works	37,519	35,645	1,874
Culture and recreation	55,203	21,620	33,583
Other	33,456	23,256	10,200
Capital outlay	63,913	88,321	(24,408)
Debt service			
Principal	60,500	12,885	47,615
Interest	9,039	4,557	4,482
Total expenditures	<u>433,735</u>	<u>335,839</u>	<u>97,896</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(174,305)	(55,480)	118,825
OTHER FINANCING SOURCES (USES)			
Transfers in	-	20,000	20,000
Transfers (out)	(3,000)	(13,000)	(10,000)
Installment loan proceeds	<u>40,500</u>	<u>40,500</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER SOURCES	(136,805)	(7,980)	128,825
FUND BALANCE - APRIL 1, 2003	371,013	385,490	14,477
FUND BALANCE - MARCH 31, 2004	<u>\$ 234,208</u>	<u>\$ 377,510</u>	<u>\$ 143,302</u>

See accompanying notes

SPECIAL REVENUE FUNDS

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 38,000	\$ 46,663	\$ 8,663
-	-	-
1,862	2,070	208
-	-	-
-	-	-
-	-	-
1,630	1,115	(515)
-	-	-
<u>41,492</u>	<u>49,848</u>	<u>8,356</u>
-	-	-
-	-	-
-	-	-
50,000	62,953	(12,953)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>50,000</u>	<u>62,953</u>	<u>(12,953)</u>
(8,508)	(13,105)	(4,597)
8,000	13,000	5,000
-	(20,000)	(20,000)
-	-	-
(508)	(20,105)	(19,597)
<u>111,583</u>	<u>128,301</u>	<u>16,718</u>
\$ <u><u>111,075</u></u>	\$ <u><u>108,196</u></u>	\$ <u><u>(2,879)</u></u>

COMINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Township Operations and Fund Types

Comins Township is located in Oscoda County. The Township operates under an elected Township Board composed of a Supervisor, Clerk, Treasurer and two Trustees, and provides services to its residents in the area of fire protection, recreation, trash disposal, cemetery and other general government areas.

REPORTING ENTITY

The Township's combined financial statements include the accounts of all Township operations. The criteria for including organizations as component units within the Township's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Township holds the corporate powers of the organization
- the Township appoints a voting majority of the organization's board
- the Township is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Township
- there is a fiscal dependency by the organization on the Township

Based on the aforementioned criteria, the Township of Comins has no component units.

BASIS OF PRESENTATION

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of the Comins Township are recorded in separate funds and account groups, categorized and described as follows:

COMINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of the general Township governmental departments. The fund includes the general operating expenditures of the local unit.

Special Revenue Funds - These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements, and include the Public Improvement Fund and Road Fund.

FIDUCIARY FUNDS

Trust and Agency Funds - These funds account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Agency Funds, composed of the Current Tax Collection Fund.

ACCOUNT GROUPS

General Fixed Asset Account Group - This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Fixed assets used in the general operation of the Comins Township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, drains, curbs, and gutters are not capitalized.

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary or trust funds.

B. Basis of Accounting

The modified accrual basis of accounting is used by all Governmental Funds and Agency Funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual-that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows.

COMINS TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a. Properties are assessed and lienied as of December 31 and their related property taxes are billed on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.
- b. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- c. Normally, expenditures are not divided between years by the recording of prepaid expenses.

C. Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end.

The Township Board meets in a workshop session and prepares an annual budget. The budget is adopted prior to the beginning of the fiscal year. When necessary, the budget is amended.

Budget amounts are as originally adopted, or as amended by the Township Board.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Fund and Activity</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
General Fund:			
General Government:			
Township Office	\$ 3,522	\$ 3,853	\$ 331
Capital Outlay	63,913	88,321	24,408
Other Financing Uses:			
Transfers out	3,000	13,000	10,000
Public Improvement Fund:			
Other Financing Uses:			
Transfers out	-	20,000	20,000
Road Fund:			
Public Works	50,000	62,953	12,953

COMINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. RISK MANAGEMENT

Comins Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last 3 fiscal years.

E. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 - CHANGES IN GENERAL FIXED ASSETS

	Balance 4/1/03	Additions	Deletions	Balance 3/31/04
Real property	\$ 273,332	\$ 10,273	\$ -	\$ 283,605
Personal property	546,917	78,048	-	624,965
Total	<u>\$ 820,249</u>	<u>\$ 88,321</u>	<u>\$ -</u>	<u>\$ 908,570</u>

Fixed assets are recorded as expenditures in the general and special revenue funds at the time of purchase. These assets are capitalized at cost in a General Fixed Asset Group of Accounts, with the exception of assets purchased prior to March 25, 1975. These assets are shown at estimated value at March 25, 1975.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ 7,834	Current Tax	\$ 8,312
Special Revenue	2,327	Special Revenue	1,849
	<u>\$ 10,161</u>		<u>\$ 10,161</u>

NOTE 4 - TOTAL COLUMN ON COMBINED STATEMENTS - OVERVIEW

The total column on the Combined Statements - Overview is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

COMINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 5 - DUE FROM COUNTY

Oscoda County operates a tax revolving fund whereby the County purchases the delinquent real taxes from the Township. Since the amount is readily measurable, it has been recognized as revenue for the year ended March 31, 2004. The amount due from the County in the General Fund as of March 31, 2004 was \$6,734 and consisted of \$5,016 in taxes and \$1,718 of property tax administration fee, the amount in the Special Revenue (Road) Fund was all taxes, \$5,434.

NOTE 6 - PROPERTY TAXES

Property taxes are assessed and liened December 31st with a levy date of the following December 1st. Collection dates are December 1st through February 14th, after which the taxes are deemed to be delinquent. Taxes are recorded as revenue when they become available and measurable.

The 2003 tax levy was .8425 mills for the General Fund and .9137 mills for the Special Revenue (Road) Fund. The taxable value of the 2003 levy was \$50,877,360.

NOTE 7 - PENSION PLAN

Comins Township provides pension benefits for all employees that earn in excess of \$300 per year through a defined contribution plan. The plan is a Simplified Employee Pension (SEP) plan through First Bank. The retirement benefits in a defined contribution plan depend solely on amounts contributed to the plan plus investment earnings. The Township may contribute up to 25% of the employee's earnings. The plan does not allow employees to make contributions. The Township's contributions are vested upon payment to the plan.

The Township's total payroll for the year ended March 31, 2004, was \$105,087. The Township's contribution of 20% to the plan was computed on 2002 calendar year eligible wages of \$78,394. The Township deposited the required amount of \$15,679.

NOTE 8 - CASH DEPOSITS AND INVESTMENTS

Deposits are carried at cost. Deposits are in one financial institution in the name of the Comins Township Treasurer. Michigan Compiled Laws, Section 129.91, as amended, authorizes the Township to deposit and invest in the accounts of a state or nationally chartered bank, a state or federally chartered savings and loan association, a savings bank, or a credit union whose deposits are insured by an agency of the U.S. government and which maintains a principal office or branch office in this state under the law of this state or the United States; bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase and which involve no more than 50 percent of any one fund. The Township's deposits are in accordance with statutory authority.

COMINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 8 - CASH DEPOSITS AND INVESTMENTS (Continued)

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year end are as follows:

<u>DEPOSITS</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Insured (FDIC) \$	1,067	\$ 11,946
Uninsured	512,794	512,726
	<u>\$ 513,861</u>	<u>\$ 524,672</u>

In accordance with GASB Statement 3, investments are classified into three categories of credit risk as follows:

- Category 1: Insured or collateralized with securities held by the Township or its agent in the Township's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.
- Category 3: Uncollateralized (includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Township's name).

The Township did not have any investments to be classified as to risk at year end.

	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Investment held by:					
None \$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 9 - LONG TERM DEBT

The general obligation long term debt consists of the following items:

<u>DESCRIPTION</u>	<u>PURPOSE</u>	<u>ORIGINAL AMOUNT AND PAYMENT TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE DUE 3/31/04</u>
Installment loan payable to USDA - Rural Development	Purchase of new fire truck	Original amount - \$108,000 Principal and interest due June 10th, interest due December 10th. Principal payments range from \$6,000 to \$10,000. Annual payments range from \$8,190 to \$9,596.	4.75%	\$ 66,000
Installment loan payable to First Bank	Purchase of used fire truck and new tank	Original amount - \$40,500 Monthly payments of \$742 commencing June 6, 2003 and concluding May 5, 2008	3.75%	33,614
Total Installment Loans				\$ <u>99,614</u>

Changes in long term debt during the year ended March 31, 2004 are as follows:

Installment loan payable - April 1, 2003	\$ 72,000
New borrowing	40,500
Principal paid	(12,886)
Installment loans payable - March 31, 2004	\$ <u>99,614</u>

Total payments due in future years are shown below:

Year	Installment Loan Payable
March 31, 2005	\$ 17,900
March 31, 2006	17,615
March 31, 2007	18,307
March 31, 2008	17,974
March 31, 2009	9,403
Thereafter	35,969
	<u>117,168</u>
Less: Interest	(17,554)
Present value of payments	\$ <u>99,614</u>

SUPPLEMENTAL INFORMATION

COMINS TOWNSHIP
GENERAL FUND
DETAIL OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TAXES:			
Property taxes	\$ -	\$ 42,946	\$ -
Property tax administration fee	-	15,472	-
Property tax penalties	-	-	-
Total Taxes	<u>55,849</u>	<u>58,418</u>	<u>2,569</u>
LICENSES AND PERMITS:			
Franchise fees	-	842	-
Zoning permits	-	2,365	-
Total Licenses and Permits	<u>2,450</u>	<u>3,207</u>	<u>757</u>
STATE GRANTS:			
Payments in lieu	-	1,849	-
Other grants	-	731	-
State shared revenues	-	141,831	-
Total State Grants	<u>140,000</u>	<u>144,411</u>	<u>4,411</u>
INTERGOVERNMENTAL			
Fire protection - Clinton Township	-	17,152	-
Total Intergovernmental	<u>12,000</u>	<u>17,152</u>	<u>-</u>
CHARGES FOR SERVICES:			
Land split fees	-	400	-
Transfer site fees	-	19,383	-
Cemetery burials	-	9,700	-
Street Lights	-	131	-
Cemetery lots	-	700	-
Cemetery foundations	-	345	-
Total Charges for Services	<u>24,631</u>	<u>30,659</u>	<u>6,028</u>
INTEREST AND RENTALS:			
Interest	-	3,847	-
Hall rental	-	710	-
Total Interest and Rental	<u>15,500</u>	<u>4,557</u>	<u>(10,943)</u>
OTHER REVENUE			
Contributions	-	1,691	-
Miscellaneous and refunds	-	20,264	-
Total Other Revenue	<u>9,000</u>	<u>21,955</u>	<u>12,955</u>
TOTAL REVENUES	<u>\$ 259,430</u>	<u>\$ 280,359</u>	<u>\$ 15,777</u>

COMINS TOWNSHIP
GENERAL FUND
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CURRENT			
LEGISLATIVE			
Township Board	\$ 31,291	\$ 17,274	\$ 14,017
GENERAL GOVERNMENT			
Supervisor	26,558	26,558	-
Elections	320	23	297
Clerk	19,709	19,528	181
Board of Review	1,193	1,030	163
Treasurer	20,006	19,901	105
Township Hall	14,235	5,499	8,736
Township Office	3,522	3,853	(331)
Cemetery	16,499	16,168	331
Unallocated (insurance)	5,920	5,920	-
Total General Government	107,962	98,480	9,482
PUBLIC SAFETY			
Fire protection	29,221	28,382	839
Zoning	5,631	5,419	212
Total Public Safety	34,852	33,801	1,051
PUBLIC WORKS			
Roads	9,000	8,739	261
Sidewalks and signs	300	258	42
Street lighting	5,775	5,665	110
Sanitation - transfer site	22,444	20,983	1,461
Total Public Works	37,519	35,645	1,874
CULTURE AND RECREATION			
Parks	55,203	21,620	33,583
OTHER			
Pension	14,471	14,471	-
Social security	8,039	8,039	-
Unemployment	946	746	200
Contingency	10,000	-	10,000
Total Other	33,456	23,256	10,200
CAPITAL OUTLAY	63,913	88,321	(24,408)
DEBT SERVICE			
Principal	60,500	12,885	47,615
Interest	9,039	4,557	4,482
TOTAL EXPENDITURES	\$ 433,735	\$ 335,839	\$ 97,896

COMINS TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004

	PUBLIC IMPROVEMENT FUND	ROAD FUND	TOTAL
ASSETS			
Cash - savings	\$ 3,221	\$ 98,992	\$ 102,213
Receivables - taxes	-	1,265	1,265
Due from other funds	-	2,327	2,327
Due from county	-	5,434	5,434
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>3,221</u>	\$ <u>108,018</u>	\$ <u>111,239</u>
LIABILITIES, RESERVES AND FUND BALANCE			
CURRENT LIABILITIES			
Due to other funds	\$ -	\$ 1,849	\$ 1,849
Deferred revenue	-	1,194	1,194
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>3,043</u>	<u>3,043</u>
FUND EQUITY			
Fund balances - unreserved	<u>3,221</u>	<u>104,975</u>	<u>108,196</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, reserves and fund balance	\$ <u>3,221</u>	\$ <u>108,018</u>	\$ <u>111,239</u>

COMINS TOWNSHIP
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	PUBLIC IMPROVEMENT FUND	ROAD FUND	TOTAL
REVENUES			
Taxes	\$ -	\$ 46,663	\$ 46,663
Federal grants	-	2,070	2,070
Charges for services	-	-	-
Interest	132	983	1,115
	<u>132</u>	<u>983</u>	<u>1,115</u>
Total revenues	<u>132</u>	<u>49,716</u>	<u>49,848</u>
EXPENDITURES			
Current			
Public works	-	62,953	62,953
Capital outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>62,953</u>	<u>62,953</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	132	(13,237)	(13,105)
OTHER FINANCING SOURCES			
Transfers in	8,000	5,000	13,000
Transfers out	(20,000)	-	(20,000)
	<u>(12,000)</u>	<u>-</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>(12,000)</u>	<u>5,000</u>	<u>(7,000)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES	(11,868)	(8,237)	(20,105)
FUND BALANCES - APRIL 1, 2002	<u>15,089</u>	<u>113,212</u>	<u>128,301</u>
FUND BALANCES - MARCH 31, 2003	\$ <u><u>3,221</u></u>	\$ <u><u>104,975</u></u>	\$ <u><u>108,196</u></u>

COMINS TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED MARCH 31, 2004

	PUBLIC IMPROVEMENT FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal grants	-	-	-
Charges for services	-	-	-
Interest	430	132	(298)
Total revenues	<u>430</u>	<u>132</u>	<u>(298)</u>
EXPENDITURES			
Current			
Public works	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	430	132	(298)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,000	8,000	5,000
Transfers out	-	(20,000)	(20,000)
Total other financing sources (uses)	<u>3,000</u>	<u>(12,000)</u>	<u>(15,000)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES	3,430	(11,868)	(15,298)
FUND BALANCES - APRIL 1, 2003	<u>9,870</u>	<u>15,089</u>	<u>5,219</u>
FUND BALANCES - MARCH 31, 2004	\$ <u><u>13,300</u></u>	\$ <u><u>3,221</u></u>	\$ <u><u>(10,079)</u></u>

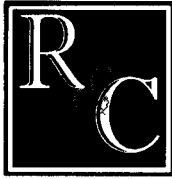
ROAD FUND			TOTAL		
BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
\$ 38,000	\$ 46,663	\$ 8,663	\$ 38,000	\$ 46,663	\$ 8,663
1,862	2,070	208	1,862	2,070	208
-	-	-	-	-	-
<u>1,200</u>	<u>983</u>	<u>(217)</u>	<u>1,630</u>	<u>1,115</u>	<u>(515)</u>
<u>41,062</u>	<u>49,716</u>	<u>8,654</u>	<u>41,492</u>	<u>49,848</u>	<u>8,356</u>
50,000	62,953	(12,953)	50,000	62,953	(12,953)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>50,000</u>	<u>62,953</u>	<u>(12,953)</u>	<u>50,000</u>	<u>62,953</u>	<u>(12,953)</u>
(8,938)	(13,237)	(4,299)	(8,508)	(13,105)	(4,597)
5,000	5,000	-	8,000	13,000	5,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>8,000</u>	<u>(7,000)</u>	<u>(15,000)</u>
(3,938)	(8,237)	(4,299)	(508)	(20,105)	(34,597)
<u>101,713</u>	<u>113,212</u>	<u>11,499</u>	<u>111,583</u>	<u>128,301</u>	<u>16,718</u>
\$ <u><u>97,775</u></u>	\$ <u><u>104,975</u></u>	\$ <u><u>7,200</u></u>	\$ <u><u>111,075</u></u>	\$ <u><u>108,196</u></u>	\$ <u><u>(17,879)</u></u>

COMINS TOWNSHIP
STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

CURRENT TAX COLLECTION FUND				
	BALANCE 4/1/03	ADDITIONS	DEDUCTIONS	BALANCE 3/31/04
ASSETS				
Cash	\$ <u>2,763</u>	\$ <u>1,442,794</u>	\$ <u>1,377,997</u>	\$ <u>67,560</u>
LIABILITIES				
Due to other funds	2,763	93,317	87,768	8,312
Due to county	-	582,549	562,324	20,225
Due to schools	-	765,742	726,719	39,023
Refunds	-	<u>1,186</u>	<u>1,186</u>	<u>-</u>
Total liabilities	\$ <u>2,763</u>	\$ <u>1,442,794</u>	\$ <u>1,377,997</u>	\$ <u>67,560</u>

COMINS TOWNSHIP
GENERAL FIXED ASSET GROUP OF ACCOUNTS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DEDUCTIONS	BALANCE 3/31/04
REAL PROPERTY				
Perry Lake Park - 40 acres with pavilion	\$ 15,979	\$ -	\$ -	\$ 15,979
Cemetery - 30 acres with building	8,550	-	-	8,550
Township hall	38,399	7,769	-	46,168
Township office	68,995	2,504	-	71,499
Recreation ball park	17,481	-	-	17,481
Boney Park pavilion	39,412	-	-	39,412
Boney Park zamboni building	4,611	-	-	4,611
Firehall	53,493	-	-	53,493
Sidewalks	8,407	-	-	8,407
Township sanitary landfill - 80 acres	6,000	-	-	6,000
Land - Township hall	2,005	-	-	2,005
Land - Boney Park addition	10,000	-	-	10,000
Total real property	\$ <u>273,332</u>	\$ <u>10,273</u>	\$ <u>-</u>	\$ <u>283,605</u>
PERSONAL PROPERTY				
Fire truck	\$ 12,914	\$ -	\$ -	\$ 12,914
Fire truck	184,944	-	-	184,944
Fire trucks (5)	31,535	-	-	31,535
Fire Truck	-	40,599	-	40,599
Township hall equipment	24,451	579	-	25,030
Office equipment	9,911	600	-	10,511
Cemetery - mower & tools	21,161	674	-	21,835
Pavilion - tables	1,211	5,205	-	6,416
Park improvements	170,936	30,391	-	201,327
Fire Department equipment	81,134	-	-	81,134
Transfer site improvements	8,720	-	-	8,720
Total personal property	\$ <u>546,917</u>	\$ <u>78,048</u>	\$ <u>-</u>	\$ <u>624,965</u>



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Township of Comins
Fairview, MI 48621

We have audited the general purpose financial statements of the Township of Comins, Oscoda County, Michigan, as of and for the year ended March 31, 2004 and have issued our report thereon dated June 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Comins, Oscoda County, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

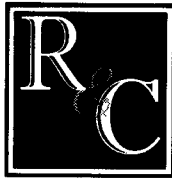
In planning and performing our audit, we considered the Township of Comins, Oscoda County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Township of Comins, Oscoda County, Michigan, in a separate letter dated June 2, 2004.

This report is intended solely for the information and use of the management, others within the organization and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter, LLP

Robertson & Carpenter, LLP
Certified Public Accountants

June 2, 2004



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER, LLP

CERTIFIED PUBLIC ACCOUNTANTS

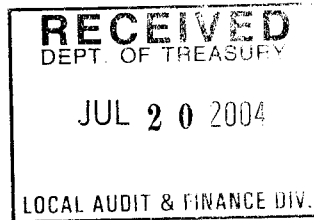
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June 2, 2004

Township Board
Township of Comins
Fairview, MI 48621



In planning and performing our audit of the general purpose financial statements of Comins Township, Oscoda County, Michigan, for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Comins Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

We noted that the General Fund general ledger was not in balance at March 31, 2004. This needs to be balanced on a monthly basis as it is an integral part of the control system.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors of fraud in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness. These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the March 31, 2004 general purpose financial statements, and this report does not affect our report on those general purpose financial statements dated March 31, 2004. We have not considered the internal control since the date of our report.

Comins Township
Page 2

This report is intended solely for the information and use of the Comins Township Board, management and others within the Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter, LLP

Robertson & Carpenter, LLP
Certified Public Accountants